

**RECREATION DISTRICT NO. 4
OF ST. TAMMANY PARISH**

Financial Statements with Supplementary Information

December 31, 2011

(With Independent Accountants' Review Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 03 2012**

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Table of Contents

	<u>Page</u>
Independent Accountants' Review Report	1
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Assets	2
Statement of Activities	3
Fund Financial Statements:	
Balance Sheet – Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities	6
Notes to Financial Statements	7 - 13
Required Supplemental Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	14
Other Supplemental Information:	
Schedule of Commissioners' Per Diems	15
Schedule of Findings and Management Corrective Action Plan	16 - 18
Independent Accountants' Report on Applying Agreed Upon Procedures	19 - 21
Louisiana Attestation Questionnaire	22 – 23

Independent Accountants' Review Report

**Board of Commissioners
Recreation District No. 4 of St. Tammany Parish
Lacombe, Louisiana**

We have reviewed the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 4 of St. Tammany Parish (the District), a component unit of the St. Tammany Parish Government, as of December 31, 2011 and for the year then ended, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The management of the District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The budgetary comparison information on page 14 is presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated August 6, 2012, in the results of our agreed upon procedures.

Griffin & Company, LLC

August 6, 2012

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Statement of Net Assets

December 31, 2011

(See Independent Accountants' Review Report)

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 77,728
Prepaid concession inventory	467
Capital assets, net of accumulated depreciation	<u>1,137,916</u>
	<u>1,216,111</u>
<u>Liabilities</u>	
Accounts payable	725
Accrued beverage agreement income	7,200
Accrued interest	4,704
Long-term liabilities:	
Due within one year	177,000
Due in more than one year	<u>-</u>
Total liabilities	<u>189,629</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	960,916
Unrestricted	<u>65,566</u>
	<u>\$ 1,026,482</u>

See accompanying notes to financial statements.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Statement of Activities

For the Year Ended December 31, 2011

(See Independent Accountants' Review Report)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	
Governmental Activities:				
Recreation	\$ 278,272	63,228	17,975	(197,069)
Interest on long-term debt	<u>8,464</u>	<u>-</u>	<u>-</u>	<u>(8,464)</u>
Total	\$ <u>286,736</u>	<u>63,228</u>	<u>17,975</u>	<u>(205,533)</u>
General Revenues:				
Property taxes				325,819
State revenue sharing				18,437
Other income				<u>6,634</u>
Total general revenues				<u>350,890</u>
Change in net assets				145,357
Net assets - beginning of year				<u>881,125</u>
Net assets - end of year				<u>\$ <u>1,026,482</u></u>

See accompanying notes to the financial statements.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Governmental Funds

Balance Sheet

December 31, 2011

(See Independent Accountants' Review Report)

	<u>Assets</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	
Assets:			
Cash and cash equivalents	\$ 77,728		77,728
Prepaid concession inventory	<u>467</u>	<u>-</u>	<u>467</u>
	<u>78,195</u>	<u>-</u>	<u>78,195</u>
 <u>Liabilities & Fund Balance</u>			
Liabilities:			
Accounts payable	725	-	725
Accrued beverage agreement	7,200	-	7,200
Accrued interest	<u>4,704</u>	<u>-</u>	<u>4,704</u>
Total liabilities	<u>12,629</u>	<u>-</u>	<u>12,629</u>
Fund Balances:			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Unassigned	<u>65,566</u>	<u>-</u>	<u>65,566</u>
Total fund balance	<u>65,566</u>	<u>-</u>	<u>65,566</u>
Total liabilities & fund balance	\$ <u>78,195</u>	<u>-</u>	

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,137,916
Debt used in governmental activities are not financial uses and are therefore not reported in the funds	<u>(177,000)</u>
Net assets of governmental activities	<u>1,026,482</u>

See accompanying notes to the financial statements.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2011

(See Independent Accountants' Review Report)

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 146,355	179,464	325,819
State revenue sharing	18,437	-	18,437
Concession income	16,976	-	16,976
Facility rentals	21,036	-	21,036
Sports registration fees	25,216	-	25,216
Sponsorships and donations	17,975	-	17,975
Other income	<u>6,634</u>	<u>-</u>	<u>6,634</u>
Total revenues	<u>252,629</u>	<u>179,464</u>	<u>432,093</u>
Expenditures:			
Recreation	117,817	-	117,817
General and administrative	81,432	-	81,432
Concessions	14,738	-	14,738
Debt Service			
Principal	-	171,000	171,000
Interest	-	8,464	8,464
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>213,987</u>	<u>179,464</u>	<u>393,451</u>
Net change in fund balance	38,642	-	38,642
Fund balance, beginning of year	<u>26,924</u>	<u>-</u>	<u>26,924</u>
Fund balance, end of year	<u>\$ 65,566</u>	<u>-</u>	<u>65,566</u>

See accompanying notes to the financial statements.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance - Governmental Funds to the Statement of Activities**

For the Year Ended December 31, 2011

(See Independent Accountants' Review Report)

Net Change in Fund Balances - total governmental funds **\$ 38,642**

**Amounts reported for governmental activities in the statements
of net assets are different because:**

**Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense:**

Depreciation expense **(64,285)**

**Bonds payable provide current financial resources to
governmental funds, but issuing debt increases long-
term liabilities in the statement of net assets. Repayment
of principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the
statement of net assets:**

Bond principal payments **171,000**

Change in Net Assets of Governmental Activities **\$ 145,357**

See accompanying notes to the financial statements.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies

(a) Introduction

Recreation District No. 4 of St. Tammany Parish was created by the St. Tammany Parish Police Jury on August 6, 1981, pursuant to Louisiana Revised Statute 33:4564. The District has the authority to own and operate facilities and engage in activities which promote recreation. The governing board is made up of seven commissioners appointed by the St. Tammany Parish Council who serve four-year terms.

(b) Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(c) Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of an entity for reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. As such, the District has no component units under the criteria established.

The District is a component unit of St. Tammany Parish because the Council appoints all members of the governing board of the District and, as such is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

(d) Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Because of the nature of the District's operations, the District reports only governmental activities.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies

(e) Fund Financial Statements

Funds are used by the District to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The funds of the District are classified into the "governmental" category. The category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all financial activities of the general government not accounted for in some other fund. The District reports the following major governmental funds: The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

(f) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using a *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Property taxes, intergovernmental revenues, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, only when payment is due.

(g) Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the general fund. Formal budgetary accounting is not employed for the debt service fund because effective control is alternatively achieved through indenture provisions of the debt certificates.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies

(g) Budget and Budgetary Accounting

The budget is adopted for the general fund on a basis consistent with accounting principles generally accepted in the United States of America. All appropriations, which are not expended, lapse at year-end.

(h) Assets, Liabilities, and Net Assets

Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents includes amounts in demand deposits, time deposits, and certificates of deposit. Louisiana Revised Statutes allow the District to invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$600 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies

(h) Assets, Liabilities, and Net Assets

Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". Fund balance for the District's governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purpose for which resources can be used.

1. **Nonspendable** – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. **Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. **Committed** – amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.
4. **Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board of Commissioners may assign amount for specific purposes.
5. **Unassigned** – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amount to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners have provided otherwise in its commitment or assignment actions.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies

(i) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash

At December 31, 2011, deposits with financial institutions consisted of the following:

Demand Deposits per Bank	\$ 77,728
Secured by federal deposit insurance	(250,000)
Secured by collateralized pledge of securities	<u>-</u>
Unsecured / uncollateralized	<u>\$ -</u>

(3) Ad Valorem Taxes

The District's ad valorem tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31, and an enforceable lien attaches to the property on January 1. The taxes are collected on behalf of the District by the St. Tammany Parish Sheriff and then remitted to the District. The District receives most of the ad valorem taxes in February, March, and April. For the year ended December 31, 2011, taxes of 8.06 mils were levied on property within the District.

(4) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2011 for the primary government is as follows:

	Balance <u>1/1/11</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/11</u>
Land improvements	<u>\$ 1,514,961</u>	<u>-</u>	<u>-</u>	<u>1,514,961</u>
Less Accumulated Depreciation	<u>312,760</u>	<u>64,285</u>	<u>-</u>	<u>377,045</u>
Capital Assets, Net	<u>\$ 1,202,201</u>	<u>64,285</u>	<u>-</u>	<u>1,137,916</u>

The District recorded \$64,285 of depreciation expense on its capital assets for the year ended December 31, 2011.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2011

(5) Certificates of Indebtedness

The District, pursuant to the authority granted by the State Bond Commission was authorized to levy a tax of 10 mills from 2002 through 2011. In conjunction with the authorization, the District issued its certificates of indebtedness to a bank in the original amount of 700,000. The purpose of the issuance of the certificates of indebtedness was for the construction of a community center/gym in Lacombe, Louisiana. These certificates have a maturity of seven (7) 2006 and bear interest of 3.32%. Interest and principal payments are due annually on May 1.

In March of 2007, the district borrowed an additional \$310,000 and issued certificates of indebtedness to the same bank. The purpose of the indebtedness is also to finance the new community center gym. These certificates have a maturity of five (5) years beginning March 1, 2008 and bear interest of 4.01%. Interest and principal payments are due annually on March 1.

Interest accrued for the year ended 2011 on both certificates is \$4,704. Both loans are secured by and payable from an irrevocable pledge and dedication of the funds to be derived by the issuer from the levy and collection of a tax of 10 mills (as such rate may be adjusted from time to time due to reassessment) to be levied in each year until paid.

The following is a summary of long-term debt activity for the year ended December 31, 2011:

Payable at January 1, 2011	\$ 348,000
Issued	-
Retired	<u>(171,000)</u>
Payable at December 31, 2011	<u>\$ 177,000</u>
Due within One Year	<u>\$ 177,000</u>

Annual debt service requirements to maturity are as follows:

Year	Interest	Principal	Total
2012	<u>6,339</u>	<u>177,000</u>	<u>183,339</u>
Total	<u>\$ 6,339</u>	<u>\$ 177,000</u>	<u>\$ 183,339</u>

(6) Accrued Beverage Agreement Income

On January 26, 2006 the District signed a beverage agreement with a local distributor of Pepsi products. This agreement makes Pepsi the sole, exclusive and official beverage at all facilities managed, operated or acquired by the District.

The terms of this agreement are for 10 years commencing on January 1, 2006 and terminating on December 31, 2015. As consideration for the agreement, the District received a one-time marketing fee of \$18,000. This amount shall be deemed to be earned equally over the term of the agreement. In addition, the District shall receive an annual payment of \$750 in years 2 through 10 of the agreement.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2011

(6) Accrued Beverage Agreement Income

As of December 31, 2011, the District has earned the sixth year payment of \$1,800 leaving \$7,200 in accrued income to be earned over the next four years.

(7) Evaluation of Subsequent Events

The District has evaluated subsequent events through August 6, 2012, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Governmental Funds

**Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual (Budgetary Basis) - General Fund**

For the Year Ended December 31, 2011

(See Independent Accountants' Review Report)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Property taxes	\$ 120,536	120,536	146,355	25,819
State revenue sharing	11,979	11,979	18,437	6,458
Concession income	18,000	18,000	16,976	(1,024)
Facility rentals	26,000	26,000	21,036	(4,964)
Sports registration fees	20,000	20,000	25,216	5,216
Sponsorships and donations	15,400	15,400	17,975	2,575
Other income	<u>6,050</u>	<u>6,050</u>	<u>6,634</u>	<u>584</u>
Total revenues	<u>217,965</u>	<u>217,965</u>	<u>252,629</u>	<u>34,664</u>
Expenditures:				
General				
Recreation	107,060	107,060	117,817	(10,757)
General and administrative	83,390	83,390	81,432	1,958
Concessions	<u>14,000</u>	<u>14,000</u>	<u>14,738</u>	<u>(738)</u>
Total expenditures	<u>204,450</u>	<u>204,450</u>	<u>213,987</u>	<u>(9,537)</u>
Other:				
Transfers (to)/from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	13,515	13,515	38,642	25,127
Fund balance, beginning of period	<u>26,924</u>	<u>26,924</u>	<u>26,924</u>	<u>-</u>
Fund balance, end of period	<u>\$ 40,439</u>	<u>40,439</u>	<u>65,566</u>	<u>25,127</u>

OTHER SUPPLEMENTAL INFORMATION

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Schedule of Commissioners' Per Diem

For the Year Ended December 31, 2011

<u>Name</u>	<u>Amount</u>
Jimmy Laurent	\$ -
Wendy Batiste	-
Dwight Smith	-
Deborah Landor	-
Jacki Schneider	-
Joe Allen	-
Dewey Spies	-
	\$ -

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Schedule of Findings and Management Corrective Action Plan

For the Year Ended December 31, 2011

Finding 2011-1:

Criteria:

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Company's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Corrective Action Plan:

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the Company's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

Finding 2011-2:

Criteria:

Management is responsible for the prevention and detection of fraud.

Condition and Cause:

During our engagement, we were informed by management that there were suspicions that fraud may have occurred during the fiscal year. It is also our understanding that there was an unauthorized disbursement to pay for the former director's health insurance for the portion of the year subsequent to his resignation. It is our understanding that the Board of Commissioners directed management to investigate these suspicions however management was unsure of exactly what procedures should be performed and thus no formal investigation has been performed.

Recommendation:

We recommend the District perform a detailed review of all disbursements for a period of time up to the former director's resignation to ensure all disbursements during that time were properly documented and authorized.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Schedule of Findings and Management Corrective Action Plan

For the Year Ended December 31, 2011

Management's Corrective Action Plan:

The District has performed the review noting all disbursements were properly documented and authorized.

Finding 2011-3:

Criteria:

Management is responsible for complying with all applicable employment laws and regulations.

Condition and Cause:

During the current engagement, we were informed by management that in some instances the former director would utilize workers without obtaining proper employment documentation and would also pay cash to those workers without withholding any employment taxes.

Recommendation:

We recommend the District obtain proper employment documentation for all workers (identification, proof of citizenship, withholding forms, etc) or utilize an employment service company in the case of temporary needs.

Management Corrective Action:

The District will perform a comprehensive review of all employment documentation to ensure compliance.

Finding 2011-4:

Criteria:

The District is responsible for maintaining adequate books and records.

Condition and Cause:

During our engagement, the detailed accounting records (Quicken Files) for 2010 could not be located. This is the result of the District not having procedures in place to ensure all accounting files are properly maintained and backed up on a regular basis.

Recommendation:

We recommend the District implement procedures to ensure all accounting records are saved and backed up on a routine basis.

Management Corrective Action:

The District has implemented a daily back-up system to ensure all accounting files are properly backed up on a routine basis.

Finding 2011-5:

Criteria:

Management is responsible for implementing internal controls to ensure the assets of the District are adequately safeguarded.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Schedule of Findings and Management Corrective Action Plan

For the Year Ended December 31, 2011

Condition and Cause:

During our engagement, we noted that the Secretary is responsible for making purchases, signing checks, making deposits, entering the transactions into the accounting software, and reconciling the bank account.

Recommendation:

We recommend the District segregate responsibilities associated with receiving and disbursing cash. We also recommend the District consider engaging an independent third party to assist with the monthly closing of the books and reconciling of the bank account.

Management Corrective Action:

The District has segregated duties such that the person responsible for issuing checks is no longer the same person who signs them. The District has also engaged a third party to assist in the monthly closing of the books.

Finding 2011-6:

Criteria:

The Organization is required to submit its annual financial statements to the Louisiana Legislative Auditor within six months of its year end.

Condition and Cause:

For the year ended December 31, 2011, the District failed to timely submit its annual financial statements to the Louisiana Legislative Auditor. This was due to turnover in management of the District.

Recommendation:

We recommend the District engage a certified public accountant to perform the annual engagement in a timely manner and submit its annual report to the Louisiana Legislative Auditor prior to the submission deadline.

Management Corrective Action:

The District will engage a certified public accountant to begin the annual financial statement engagement as soon as possible following year end. The District is aware of the report deadline and will closely monitor the progress of the engagement to ensure the annual financial statements are submitted prior to the deadline.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**To the Board Members
Recreation District No. 4 of St. Tammany Parish
Lacombe, Louisiana**

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Recreation District No. 4 of St. Tammany Parish (the District) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Board's compliance with certain laws and regulations for the year ended December 31, 2011, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

The District did not have any disbursements for public works exceeding \$100,000 or disbursements for materials and supplies exceeding \$20,000. Accordingly, no expenditures were required to be tested.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each Board Member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all Board Members and employees, as well as their immediate families.

Board members provided us with the required list.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in procedure 3 appeared on the listing provided by board members in procedure 2.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments, if applicable.

A copy of the legally adopted budget was obtained from the Board.

6. Trace the budget adoption and amendments to the minute book.

The budget adoption and one related amendment were traced to the minute book.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more if actual expenditures exceeded budgeted amounts by 5% or more.

We compared the actual revenues and expenditures to budgeted amounts for the year. Actual revenues did not fail to meet budgeted revenues by 5% or more. Actual expenditures did not exceed budgeted amounts by 5% or more.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

(a) Trace payments to supporting documentation as to proper amount and payee;

All payments were traced to supporting documentation without exception

(b) Determine if payments were properly coded to the correct fund and general ledger amount;

All payments were properly coded to the correct fund and general ledger account without exception

(c) Determine whether payments received approval from proper authorities.

All payments received fell below the dollar amount set by the District for disbursements requiring approval. Accordingly, no approval was required.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Management has asserted that such documents were properly posted on both the website and the door of the District's office and gymnasium.

Debt

10. **Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.**

Bank deposits for the period under examination were reviewed noting no deposits that appear to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. **Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.**

Payroll records and minutes for the period were reviewed noting no payments to employees that may constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you

This report is intended solely for use of management of the Recreation District No. 4 of St. Tammany Parish and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Griffin & Company, LLC

August 6, 2012

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

6/20/12 (Date Transmitted)

Griffin + Company, LLC
850 N. Causeway Blvd Suite 200
mandeville LA 70448

(Auditors)

In connection with your review of our financial statements as of ^{12/31/11} ~~(date)~~ and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations)

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office
Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124
Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119
Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34
Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36
Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24 514, 33 463, and/or 39 92, as applicable

Yes ☒ No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24 513

Yes ☒ No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42 1 through 42 12

Yes ☒ No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39 1410 60-1410 65

Yes ☒ No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14 138, and AG opinion 79-729

Yes ☒ No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations We have made available to you documentation relating to the foregoing laws and regulations

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report

<u>Stacey Madere Henry</u>	Secretary	<u>6/20/2012</u>	Date
<u>Stacey Madere Henry</u>	Treasurer	<u>6/20/2012</u>	Date
<u>Jimmy Fournier</u>	President	<u>6-20-12</u>	Date